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Spain

Citrus

Annual

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Report Highlights: Despite this summer's heat wave, Spain's 2003/04 citrus crop is expected to reach a record output of 6.1 million tons. Growers are beginning to benefit from investments made in upgrading orchards, replacing less profitable varieties and improving programs to control diseases and pests. Citrus exports are likely to reach new highs in 2003/04, expanding beyond last season's record of 3.4 million tons (July/June).

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Madrid [SP1]
[SP]

Executive Summary	3
Production	4
Fresh Oranges	4
Fresh Tangerines	4
Fresh Lemons	5
Grapefruit	5
Other Fresh Citrus	6
Orange Juice	6
Crop Area.....	6
Consumption.....	7
Trade.....	7
Fresh Oranges	7
Fresh Tangerines	8
Fresh Lemons	8
Fresh Other Citrus	8
Orange Juice	8
Policy	8
Marketing	9
Tables.....	10

Executive Summary

According to official estimates, total 2003/04 citrus production should reach a record 6.1 million tons or about three percent higher than last season's record output. Orange and mandarin production are expected to rise about 3 percent, while that for lemons will rise by 10 percent. Although this summer's heat wave delayed fruit development and increased the incidence of fallen fruit, recent rains have helped orchards to recover; indeed, rains during the last few weeks could increase the size of oranges and lemons, while delaying the harvest of early clementines.

There are several factors contributing to the continued expansion of citrus production:

- Lemon orchards that were re-grafted with the higher-quality Fino variety (replacing Verna) are coming into production. This re-grafting process is continuing and should yield further improvements in output during the next few years.

- Orchards that were replanted with varieties resistant to *tristeza* are also beginning to produce.

- Overall orchard area is expanding, mainly in Andalucía.

- The area planted to clementines also continues to expand. Part of this expansion reflects the replanting of orchards from Satsumas to clementines. Low-cost, canned Satsuma segments from China are increasingly competitive in international markets, encouraging Spanish producers to shift to clementines.

Total Spanish citrus exports during 2002/2003 (July/June) rose to a record 3.4 million tons, almost 4 percent higher than in 2001/02. About 85 percent was exported to other EU countries. With a larger citrus crop and high prices for apples and pears in the EU, another record is likely for MY 2003/04.

Since Spain is a major citrus producer and exporter, U.S. citrus exporters have few market opportunities here.

NOTE: Current exchange rate is
1 euro = \$1.16.

Production

Fresh Oranges

The 2003/04 orange crop is forecast at 3 million tons, about three percent higher than the previous crop. Abundant precipitation during October 2003 should help fruit development and water levels in reservoirs should be adequate to meet orchard needs during the remainder of the season. The irrigation system and pest control programs are very sophisticated in most citrus areas. Spain continues to produce primarily high quality table-type varieties, notably Navelina, Lanelate and Navelate and Valencia Late, which comprise the bulk of orange exports. Production of other varieties, with the exception of Salustiana, continues to decline; these are being replaced by clementines. Producers are expecting good prices this marketing year due to reduced supplies of apples and pears in the EU. Most Spanish citrus producers are part-time farmers who have non-farm income to invest in new technologies, irrigation systems, orchard re-conversion to new varieties and investment in new orchards.

The area planted to orange varieties in 2002 was as follows:

Variety of orange	Area (hectares)
Navelina	47,458
Valencia Late	21,499
Lanelate	15,951
Navelate	11,862
Salustiana	9,739
Washington Navel	9,401
Other	19,588
Total	135,498

During the 5-year period of 1997-2002, the Navelina, Lanelate, Navelate and Salustiana varieties increased their combined area by 16,535 hectares, while the Washington Navel, Valencia Late and other varieties fell by 18,582 hectares. During the last two years, an increase in the overall area planted to oranges has been reported.

Fresh Tangerines

The total 2003/04 tangerine crop is expected to rise again to about 2.02 million tons, mainly due to the continued expansion of clementine area. Recent wet weather has been favorable for tangerines; fruit quality and size are reported to be good. The only down side of the rains has been a delay in the harvest of early tangerines. In order to increase the quality of fruit, the Government of the Region of Valencia is enforcing a program to reduce the population of Mediterranean fruit fly (*Ceratitis Capitata*) in production areas. In addition, in order to prevent seed development in fruit, the government has banned apiaries in clementine areas. Since growers are shifting orchards from oranges and Satsumas to clementines, further increases in clementine production are likely for the next few years.

The area planted to tangerine varieties in 2002 was as follows:

Variety of tangerine	Area (hectares)
Clemenules	38,256
Marisol	9,781
Ortanique	8,323
Clemenvilla	8,318
Hernandina	7,376
Satsumas	9,463
Other Clementines	32,545
Total	114,062

During the period 1997-2002, the area planted with clementines rose by 21,000 hectares while the area planted with Satsumas declined by 2,700 hectares. Good opportunities for clementines in international markets have encouraged the increase in planted area. Conversely, the strong competition of Chinese processed Satsuma segments in international markets has discouraged continued production of Satsumas. The area planted in clementines is expected to expand further in the next few years.

Fresh Lemons

The 2003/04 lemon crop is estimated at about 1,048,000 tons, ten percent higher than last season. During the last few years, farmers have been replacing the Verna variety with the higher-quality Fino variety. About 70 percent of Finos are harvested between October and May. Due to the larger crop, the amount of lemons delivered to processors could rise to about 210,000 tons in MY 2003/04. High stocks of essential lemon oils and lemon juice in Argentina will likely discourage deliveries beyond that level.

The area planted to lemon varieties in 2002 was as follows:

Variety of lemon	Area (hectares)
Fino	22,686
Verna	18,919
Other	3,603
Total	45,208

During the period 1997-2002, the area planted with Verna lemons declined by 5,199 hectares, while that allocated to Fino and other varieties rose by 3,304 hectares. Producers hope to improve fruit quality in order to compete with Argentine lemons in international markets from October to May.

Grapefruit

Although the official estimate of the 2003/04 crop is about 27,000 tons, some growers believe it may reach about 37,000 tons. The difference seems to be expectations for yield: growers believe it will be extremely high, at about 70 tons per hectare. Spanish exports amounted to 33,870 tons during the period July 2002/June 2003. In addition, some 3,844 tons were delivered to processors.

Other Fresh Citrus

Bitter oranges are the only product included under the "Other Citrus" category. The 2002/3 crop was estimated at around 16,327 tons, or 12 percent lower than in previous year. The bulk of the production is delivered to processors and the balance, exported.

Orange Juice

An estimated 640.000 tons of fresh oranges -- including unsubsidized oranges -- were delivered to processors in MY 2002/03, yielding about 56,000 tons of orange juice (65 Brix). Deliveries during 2003/04 are likely to be higher due to the expected larger crop. Oranges are not grown specifically for juice production; rather, oranges going to juice processors are primarily those that have been rejected for fresh consumption. Most orange juice plants are located near the orchards in Valencia and Andalucia.

Note: On average, 2.4 kilograms of fresh oranges yield 1 Kg of single strength orange juice (11Brix) of good quality; 11.5 Kg of fresh fruit yield 1 Kg. of concentrated orange juice (65Brix).

Spanish Citrus Production Forecast, 2003/04 (Tons)						
Region	Sweet Oranges	Tangerines	Lemons	Grapefruit	Other Citrus*	TOTAL
Valencia	1,742,783	1,671,067	347,471	5,295	0	3,766,616
Murcia	179,315	59,650	545,000	14,600	0	798,565
Andalucia	974,779	177,462	144,785	7,260	16,327	1,320,613
Catalonia	47,000	110,000	1,000	125	0	158,125
Balearic Is.	20,000	2,000	2,000	0	0	24,000
Others	32,880	1,015	8,400	100	0	42,395
TOTAL	2,996,757	2,021,194	1,048,656	27,380	16,327	6,110,314

*Bitter Oranges.

Crop Area

The data in the table below and in the PS&Ds are based the last official crop area survey, which was performed in 2002. Total area in the Valencia region has increased marginally in the last few years. In addition, an increase in area has been reported in Andalucia, mainly in the provinces of Sevilla and Huelva. According to trade sources, citrus area could expand by another 5 percent in the next few years. During the period 1997-2002 the area planted with mandarins rose from 96,827 hectares to 114,062 hectares, while the area for lemons declined from 46,830 hectares to 45,207 hectares. The success of Spain's tangerine sector in recent years has led to replacement of older orange and Satsuma orchards with clementines. In addition, new varieties of early and late season clementines are replacing

traditional ones, as the export and domestic markets pay comparatively higher prices for this "extended season" fruit. Regarding the age, 27 percent of the orchards planted with clementines are less than four years old; 20 percent of orange orchards are less than four years old; and 15 percent of lemon orchards are less than four years old.

Spanish Citrus Area, CY 2002 (Hectares)			
Region	Sweet Oranges	Tangerines	Lemons
Valencia	75,865	96,500	13,482
Murcia	11,932	4,781	28,188
Andalucia	42,636	3,724	2,779
Catalonia	3,168	4,220	70
Balearic Is.	1,899	156	349
TOTAL	135,500	114,062	45,207

Consumption

Given the expected record crop, total citrus consumption for 2003/04 should also expand. The citrus industry funds promotional campaigns each year to increase or maintain consumption. Fresh oranges account for over a quarter of total fresh fruit consumed in Spain. Despite strong competition from other beverages, orange juice remains the favorite juice, with consumption totaling 210 million liters (11 Degree Brix) in 2002/03. Of this total, fresh, chilled and frozen juice amounted to 32 million liters. Total annual per capita consumption of orange juice is estimated at about 5.3 liters. Among other citrus fruits, bitter oranges are produced mainly for processing into marmalades and other preparations; about 90 percent is used in the domestic market and the rest is exported for processing.

In the PSD tables, the number for fresh consumption is residual and includes losses of weight during export and other losses.

Trade

Fresh Oranges

Orange exports declined to 1.43 million tons in 2002/03 (July/June), a drop of about 2 percent below the previous season. Exports in 2003/4 should to increase slightly due to shortages of apples and pears in the EU. Spain's traditional markets are Germany, France, Netherlands, UK, Poland and Belgium; shipments generally begin in October and continue through the following September. Spain exports about half of its total crop. About 40 to 50 percent of total exports are shipped in October - December and then progressively taper off.

Orange imports mostly meet demand during the summer, arriving from South Africa, Argentina, Brazil and Uruguay. The volume of imports varies widely, depending on local supplies. However, higher imports are likely in the next few years to meet demand during the peak summer tourist season.

Fresh Tangerines

During the 2002/2003 (July/June) season, tangerine exports totaled 1.43 million tons, 2 percent lower than in the previous season. Due to the good crop expected in 2003/04, exports should also rise. In December 2001, Spanish clementines were banned in the U.S. market after larvae of Mediterranean fruit fly (*Ceratitis Capitata*) were found in several shipments. The ban was removed on October 15, 2002, and exports of clementines to the U.S. market have resumed. During the period October 2002 - June 2003, Spain exported 54,500 tons of clementines to the U.S.

Fresh Lemons

During the period November 2002 - June 2003, lemon exports totaled 414,805 tons, marginally higher than in the same period of the previous year. Exports to the U.S. during this period totaled only 2,829 tons, or some 10,000 tons lower than the same months of 2001/02. With expectations for a higher crop in 2003/04, exports are likely to rise in the coming season.

Fresh Other Citrus

Some 3,096 tons of bitter oranges were exported during calendar 2001, while only 169 tons of other citrus were imported. A lower expected crop this season might restrict exports.

Orange Juice

Orange juice exports for 2003/04 should be higher than in the previous season due to the expected record crop of oranges. A large percentage of juice exports, mainly to other EU countries, is "single strength". However, exports of liquid concentrate (with a Brix value not exceeding 20) amounted to 73,770 tons during 2001/02 (Nov-October); France was the major buyer, taking 51,000 tons. Larger exports of this liquid concentrate are expected for the next few years. For imports, about 60 percent of the total tonnage is concentrate and the balance, "single strength."

The Spanish Customs Office does not provide data on the volume of orange juice trade; consequently, the trade matrix reflects the value of imports and exports in euros. In order to be consistent with data in the PS&D table (where production is based on 65 degrees Brix) trade figures have been estimated by this office.

Policy

EU Regulation 1092/2001 lays down detailed rules for the application of Council Regulation 2202/96, which introduced an aid scheme for producers of certain citrus fruits. The scheme provides a subsidy to growers who deliver their crops to processors. Subsidies are only available on a maximum quantity (or "threshold") of fruit delivered.

Citrus processing thresholds for 2002/03 (MT)				
	Oranges	Lemons	Grapefruit	Mandarins
Community thresholds	1,500,236	510,600	6,000	384,000
Spanish thresholds	600,467	192,198	1,919	270,186
Payments for processing, 2002/03 (Euros/100 kilograms)				
Multiyear contracts	11.27	10.47	4.28	10.47
Contract covering a single marketing year	9.80	9.10	3.72	9.10
Individual producers	8.82	8.19	3.35	8.19

The quantity of grapefruit delivered to processors in MY 2002/03 was over the processing quota established for Spain; consequently, on October 20, 2003, the EU Commission reduced the 2003/04 payment for Spanish grapefruit delivered to processor by 54.14 percent. Thus, the payment per hectare been established as follows:

Payments for processing grape fruit (2003/04)	Multiyear contract	Contract covering a single marketing year	Individual producers
Euros/100 kilograms	4.80	4.17	3.76

No penalties have been set for processing mandarins, lemons and oranges.

Marketing

As a major citrus producer, Spain offers few opportunities for U.S. citrus exporters. Spain does play an important role as a U.S. competitor, particularly in Europe, where Spanish fruit is generally very price competitive.

In an effort to increase consumption and exports of Spanish oranges and clementines, about 8.5 million euros will be spent in eight promotional campaigns during the 2003/04 season. Participants include the EU; Intercitrus, which represents the citrus sector; ICEX, Spain's agency responsible for export promotion; and the regional governments of Valencia, Murcia, Catalonia and Andalucia. The largest promotions will take place in Belgium, Netherlands, Austria, Denmark, Finland, Sweden, Ireland and Spain itself. Intercitrus, together with ICEX, spent about \$700,000 to promote tangerines in the United States during November - December, 2002. Another promotion is planned for November - December, 2003. The EU, Spain, Italy and Greece, as well as Intercitrus and farmers' organizations also plan to promote consumption of citrus in Poland, Switzerland, Czech Republic, Russia and Hungary.

Tables

Country	Spain						
Commodity	Fresh Oranges						(HECTARES)(1000 TREES)(1000 MT)
	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official	[Estimate]	DA Official	[Estimate]	DA Official	[Estimate]	[New]
Market Year Begin	11/2001		11/2002		11/2003		MM/YYYY
Area Planted	140000	135000	142000	135500	0	136000	(HECTARES)
Area Harvested	130000	125000	132000	126000	0	126000	(HECTARES)
Bearing Trees	0	0	0	0	0	0	(1000 TREES)
Non-Bearing Trees	0	0	0	0	0	0	(1000 TREES)
TOTAL No. Of Trees	0	0	0	0	0	0	(1000 TREES)
Production	2822	2822	2864	2867	0	2996	(1000 MT)
Imports	98	98	100	110	0	120	(1000 MT)
TOTAL SUPPLY	2920	2920	2964	2977	0	3116	(1000 MT)
Exports	1504	1505	1504	1450	0	1566	(1000 MT)
Fresh Dom. Consumption	751	750	770	887	0	890	(1000 MT)
Processing	665	665	690	640	0	660	(1000 MT)
TOTAL DISTRIBUTION	2920	2920	2964	2977	0	3116	(1000 MT)

Import Trade Matrix

Country Spain
Commodity Fresh Oranges

Time Period
Imports for:
U.S.
Others

Units:
2001
U.S.
Others

South Africa	40588		38035
Argentina	37527		16495
Uruguay	24670		16027
Brazil	25301		8046
Netherlands	14558		5458
Portugal	3400		4333
Morocco	20271		513
Total for Others	166315		88907
Others not Listed	<input type="text" value="17459"/>		<input type="text" value="9278"/>
Grand Total	183774		98185

Export Trade Matrix

Country Spain
Commodity Fresh Oranges

Time Period
Exports for:
U.S.
Others

Units:
2001
U.S.
Others

Germany	348499		425570
France	274012		352576
Netherlands	126812		161856
UK	87404		100467
Poland	78759		88661
Belgium	60527		70681
Italy	32178		43930
Sweden	26795		37016
Czech Republi	23426		25025
Switzerland	22300		24639
Total for Others	1080712		1330421
Others not Listed	<input type="text" value="165716"/>		<input type="text" value="174484"/>
Grand Total	1246428		1504905

PSD Table

Country	Spain						
Commodity	Fresh Tangerines						
	(HECTARES)		(1000 TREES)		(1000 MT)		
	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official	Estimate [D]	DA Official	Estimate [D]	DA Official	Estimate [New]	
Market Year Begin	11/2001		11/2002		11/2003		MM/YYYY
Area Planted	104000	112000	106000	114000	0	116000	(HECTARES)
Area Harvested	95000	96000	97000	98000	0	100000	(HECTARES)
Bearing Trees	0	0	0	0	0	0	(1000 TREES)
Non-Bearing Trees	0	0	0	0	0	0	(1000 TREES)
TOTAL No. Of Trees	0	0	0	0	0	0	(1000 TREES)
Production	1655	1655	1952	1952	0	2020	(1000 MT)
Imports	9	5	9	5	0	9	(1000 MT)
TOTAL SUPPLY	1664	1660	1961	1957	0	2029	(1000 MT)
Exports	1252	1252	1400	1400	0	1450	(1000 MT)
Fresh Dom. Consumption	205	201	230	313	0	329	(1000 MT)
Processing	207	207	331	244	0	250	(1000 MT)
TOTAL DISTRIBUTION	1664	1660	1961	1957	0	2029	(1000 MT)

Import Trade Matrix

Country Spain
Commodity Fresh Tangerines

Time Period
Imports for:
U.S.
Others

Units:

2001

U.S.

Others

Argentina	801		1488
Uruguay	2437		1121
France	1698		958
Netherlands	384		704
Peru	423		278

Total for Others 5743 4549

Others not Listed

Grand Total 9551 5024

Export Trade Matrix

Country Spain
Commodity Fresh Tangerines

Time Period
Exports for:
U.S.
Others

Units:

2001

U.S.

Others

Germany	330690		347911
France	244696		279523
UK	122687		124406
Poland	65116		83683
Netherlands	76504		74712
Italy	51978		60889
Belgium	38811		37270
Czech Republic	24258		28142
Switzerland	27501		25427
Sweden	25567		25363

Total for Others 1007808 1087326

Others not Listed

Grand Total 1230087 1252308

PSD Table

Country Commodity	Spain Fresh Lemons						UOM
	2001	Revised	2002	Estimate	2003	Forecast	
Market Year Begin	USDA Official [	Estimate [11/2001	DA Official [	Estimate [11/2002	DA Official [	Estimate [New] 11/2003	MM/YYYY
Area Planted	43000	45000	43000	45200	0	45300	(HECTARES)
Area Harvested	41500	42000	41500	42500	0	43000	(HECTARES)
Bearing Trees	0	0	0	0	0	0	(1000 TREES)
Non-Bearing Trees	0	0	0	0	0	0	(1000 TREES)
TOTAL No. Of Trees	0	0	0	0	0	0	(1000 TREES)
Production	1037	1037	912	920	0	1048	(1000 MT)
Imports	5	41	40	50	0	30	(1000 MT)
TOTAL SUPPLY	1042	1078	952	970	0	1078	(1000 MT)
Exports	506	506	500	610	0	660	(1000 MT)
Fresh Dom. Consumption	200	368	200	161	0	198	(1000 MT)
Processing	336	204	252	199	0	220	(1000 MT)
TOTAL DISTRIBUTION	1042	1078	952	970	0	1078	(1000 MT)

Import Trade Matrix **Country** Spain **Commodity** Fresh Lemons

Time Period	MY(Nov/Oc)	Units:	MT
Imports for:	2000		2001
U.S.	0	U.S.	0
Others		Others	
Argentina	27688		35987
Uruguay	3065		1564
France	1607		1480
South Africa	1126		544
Total for Others	33486		39575
Others not Listed	5495		1046
Grand Total	38981		40621

Export Trade Matrix **Country** Spain **Commodity** Fresh Lemons

Time Period	MY(Nov/Oc)	Units:	MT
Exports for:	2000		2001
U.S.	3471	U.S.	21116
Others		Others	
Germany	103174		100858
France	97124		85519
Poland	77994		72022
Italy	27135		38154
Russia	43621		33426
UK	40886		34629
Netherlands	31086		23446
Czech Republic	12307		10946
Belgium	12475		11110
Switzerland	10657		10076
Total for Others	456459		420186
Others not Listed	70852		65070
Grand Total	530782		506372

PSD Table

Country	Spain						
Commodity	Fresh Citrus,Other						
	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official [	Estimate [D	A Official [	Estimate [D	A Official [	Estimate [New]	
Market Year Begin	11/2001		11/2002		11/2003		MM/YYYY
Area Planted	700	2200	700	2200	0	2200	(HECTARES)
Area Harvested	670	428	670	428	0	428	(HECTARES)
Bearing Trees	0	0	0	0	0	0	(1000 TREES)
Non-Bearing Trees	0	0	0	0	0	0	(1000 TREES)
TOTAL No. Of Trees	0	0	0	0	0	0	(1000 TREES)
Production	22	22	18	18	0	16	(1000 MT)
Imports	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	22	22	18	18	0	16	(1000 MT)
Exports	0	4	0	3	0	3	(1000 MT)
Fresh Dom. Consumption	0	0	0	0	0	0	(1000 MT)
Processing	22	18	18	15	0	13	(1000 MT)
TOTAL DISTRIBUTION	22	22	18	18	0	16	(1000 MT)

Import Trade Matrix

Country Spain
Commodity Fresh Citrus,Other

Time Period	MY(Nov/O)	Units:	MT
Imports for:	2000		2001
U.S.	0	U.S.	0
Others		Others	
Netherlands			274
France	33		39
Mexico	105		0
Total for Others	138		313
Others not Listed	68		0
Grand Total	206		313

Export Trade Matrix

Country Spain
Commodity Fresh Citrus,Other

Time Period	MY(Nov/O)	Units:	MT
Exports for:	2000		2001
U.S.	0	U.S.	0
Others		Others	
France	80		2319
Germany	47		1031
Italy	39		339
Sweden	0		136
Portugal	32		96
Belgium	0		96
UK	121		46
Total for Others	319		4063
Others not Listed	68		32
Grand Total	387		4095

PSD Table

Country	Spain						65 Degrees Brix
Commodity	Juice, Orange						(MT)
	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official	Estimate [DA Official]	USDA Official	Estimate [DA Official]	USDA Official	Estimate [New]	
Market Year Begin	11/2001		11/2002		11/2003		MM/YYYY
Deliv. To Processors	665	665	690	640	0	660	(1,000MT)
Beginning Stocks	1000	1	1000	2	1000	1	(MT)
Production	62000	58	58000	56	0	58	(MT)
Imports	27000	27	27000	27	0	27	(MT)
TOTAL SUPPLY	90000	86	86000	85	1000	86	(MT)
Exports	55000	55	50000	56	0	57	(MT)
Domestic Consumption	34000	29	35000	28	0	28	(MT)
Ending Stocks	1000	2	1000	1	0	1	(MT)
TOTAL DISTRIBUTION	90000	86	86000	85	0	86	(MT)

Import Trade Matrix

Country Spain
Commodity Juice,
Orange

Time Period	MY	Units:	Million Euros
Imports for:	2000		2001
U.S.	0	U.S.	0
Others		Others	
Netherlands	20		21
Germany	14		16
Belgium	12		10
France	3		3
Total for Others	49		50
Others not Listed	14		11
Grand Total	63		61

Export Trade Matrix

Country Spain
Commodity Juice, Orange

Time Period	MY	Units:	Million Euros
Exports for:	2000		2001
U.S.		U.S.	
Others		Others	
France	82		100
Germany	11		14
Portugal	2		2
Belgium	2		2
Total for Others	97		118
Others not Listed	8		1
Grand Total	105		119